

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 8**

February 14, 2011

**SUMMARY OF BILL:** Effective July 1, 2011, prohibits public employers from knowingly employing, recruiting, or referring for a fee illegal aliens. Requires the Department of Labor and Workforce Development to investigate possible violations. Effective August 1, 2011, requires public employers to verify the employment eligibility of an employee prior to hiring. Effective January 1, 2012, requires public employers to verify the work authorization status of all current employees using the federal electronic work authorization system (E-Verify).

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$34,800/One-Time  
\$228,300/Recurring**

**Increase Local Expenditures – \$263,400/One-Time\***

**Assumptions:**

- Access to the E-Verify system is free to employers.
- The Department of Safety will require one temporary Administrative Secretary at a cost of \$12.63 per hour to verify 1,735 current employees. It will take approximately 288 hours to verify the positions, resulting in a one-time increase in state expenditures of \$3,600 (\$12.63 per hour x 288 hours).
- The Department of Health will require temporary additional staff for 466 hours to verify 2,800 current employees at a cost of \$12.63 per hour resulting in a one-time increase in state expenditures of \$5,900 (\$12.63 per hour x 466 hours).
- The Public Defenders Conference will require temporary additional staff for 62 hours to verify 375 current employees resulting in a one-time increase in state expenditures of \$800 (\$12.63 x 62 hours).
- In order to enforce this legislation, the Department of Labor and Workforce Development will require three new inspectors and one Administrative Assistant II position.
- One-time state expenditures associated with these four new positions is estimated to be \$24,500 for computers, office supplies, and equipment.
- Recurring state expenditures for the three inspectors is estimated to be \$176,100 (\$102,900 for salaries, \$39,900 for benefits, and \$33,300 for travel, supplies, telephones, training, etc.). Recurring state expenditures for the Administrative Assistant II position

are estimated to be \$52,200 (\$32,900 for salary, \$13,000 for benefits, and \$6,300 for office supplies, postage, training, etc.).

- State agencies can handle the increased workload associated with verifying new hires within existing resources.
- Total one-time state expenditures will be \$34,800 (\$3,600 + \$5,900 + \$800 + \$24,500).
- The total increase in recurring state expenditures will be \$238,300 (\$176,100 + \$52,200 + \$10,000).
- According to the Comptroller of the Treasury, there were 263,448 full and part-time local government employees in Tennessee in 2009.
- Based on information provided by the Comptroller of the Treasury, there will be a one-time local government expenditure of approximately \$263,400 for temporary personnel associated with verifying the employment eligibility of current local government employees. This estimate assumes a cost of approximately one dollar per existing employee in temporary labor costs.
- Local governments can handle the verification of new employees within existing resources.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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